

Message Text

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PASS AGRICULTURE

E.O. 11652: GDS

TAGS: EAGR, EEC

SUBJECT: SPECIAL AD HOC COMMITTEE ON AGRICULTURE-THE GERMAN
POSITION REGARDING THE CAP STOCKTAKING

REF: (A) EC BRUSSELS 07736 (B) EC A-358 (C) EC A-098

1. WE HAV OBTAINED A PHOTOCOPY OF A LETTER DATED OCTOBER 2, 1975
FROM GERMAN STATE SECRETARY OF AGRICULTURE HANS-JURGEN ROHR TO THE
CHAIRMAN OF THE SUBJECT COMMITTEE, VICENZO DI CHIO. OUR FREE
TRANSLATION OF THE LETTER FOLLOWS. THE LETTER SPELLS OUT GERMANY'S
PRINCIPAL AREAS OF CONCERN IN THE DISCUSSIONS WHICH BEGAN IN THE
OCTOBER 7-8 RESTRICTED SESSION OF THE COMMITTEE. OUR REPORT
OF THAT MEETING FOLLOWS IN SEPTTEL.

2. BEGIN TEXT:

DEAR MR. DI CHIO:

AS AGREED, I AM INFORMING YOU OF THE PROBLEM AREAS, WHICH FOR US
ARE OF UTMOST IMPORTANCE IN THE LIGHT OF THE FORTHCOMING MEETING
OF THE SPECIAL AD HOC COMMITTEE ON AGRICULTURE DEALING WITH THE
COMMON AGRICULTURALPOLICY STOCKTAKING.

THE POINT OF DEPARTURE IN OUR THINKING IS THE CONTRIBTUION OF THE
FEDERAL GOVERNMENT TO THE COMMON AGRICULTURAL POLICY STOCKTAKING

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(DOC R.349/75), WHICH WE TRANSMITTED IN MID-JANUARY 75 TO THE

COUNCIL AND TO THE MINISTERS OF AGRICULTURE OF THE MEMBER STATES.
IN THAT CONTEXT, THE FOLLOWING QUESTIONS, INsofar AS I AM CONCERNED,
ARE OF FIRST IMPORTANCE:

1) WITH A VIEW TO ACHIEVING MARKET EQUILIBRIUM, THE QUESTION-
IN OUR OPINION-IS-SHOULD PRODUCTION BE REDUCED OR, ON THE OTHER
HAND, SHOULD OUTLETS BE EXPANDED.

2) IN OUR OPINION, THE FOLLOWING INSTRUMENTS ARE NECESSARY FOR
THE RE-ESTABLISHMENT OF MARKET EQUILIBRIUM:

--A RESTRICTIVE POLICY AIMED AT MARKET EQUILIBRIUM IN THE CASE
OF DAIRY, BEEF AND WINE BY MEANS OF PRICE MANIPULATION;

--FURTHERMORE, WITH REGARD TO DAIRY PRODUCTS, PARTICIPATION
BY PRODUCERS IN THE UTILIZATION OF SURPLUSES;

--WITH REGARD TO THE PROBLEM OF HIGH-YIELD, SOFT WHEAT,
ALIGNING THE SOFT WHEAT PRICE ON THAT OF CORN; PREMIUMS FOR
HIGH BAKING QUALITY WHEAT SINCE WORLD MARKET SUPPLIES OF GRAIN
ARE IN DEFICIT AND MEASURES TO LIMIT THEIR PRODUCTION ARE NOT
INDICATED.

3) A RESTRICTIVE PRICE POLICY MAY LEAD TO INCOME PROBLEMS IN
CERTAIN REGIONS OR AMONG CERTAIN GROUPS OF INDUSTRIES IN SUCH A WAY
THAT DIRECT AND GRADUALLY REDUCED INCOME OR REVENUE TRANSFERS-
STRICTLY LIMITED IN TERMS OF TIME AND SUBSTANCE-MAY BE NECESSARY.

4) NATIONAL SUBSIDIES MAY ALSO BE ENVISAGED IN CONNECTION
WITH A PRICE AND MARKET POLICY. AS REGARDS NATIONAL SUBSIDIES,
MEMBER STATES SHOULD USE MORE DISCIPLINE THAN IN THE PAST IN ORDER
TO AVOID NEW DISTORTIONS IN COMPETITION AND INCREASES IN SUBSIDIES,
AS WELL AS TO PREVENT NATIONAL SUBSIDIES FROM COUNTERVAILING OR
CANCELLING OUT COMMUNITY EFFORTS FOR ATTAINING MARKET EQUILIBRIUM.

5) FURTHERMORE, THERE ARE INSTITUTIONAL PROCEDURAL PROBLEMS
WHICH GO BEYOND THE AGRICULTURAL POLICY STRICTLY SPEAKING,
NOTABLY MANAGEMENT OF THE FINANCIAL SYSTEM AND CLOSER CO-ORDINATION
IN SPECIALIZED COUNCILS.

THESE ARE IN MY JUDGEMENT THE PRINCIPAL POINTS WHICH REQUIRE A MORE
DETAILED EXPLANATION THAN I HAVE BEEN ABLE TO GIVE HERE-AN
EXPLANATION THAT I PROPOSE TO MAKE DURING THE COURSE OF THE MEETING.
FORMAL CLOSE. END TEXT. MORRIS

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